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INVESTMENT TECHNOLOGY PROMOTION OFFICES

Report by the Director-General

Draws the attention of the Board to the need to update the guidelines for the functioning of Investment and Technology Promotion Offices and submits proposals thereon for consideration.

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Introduction

1. The guidelines for the functioning of the Investment and Technology Promotion Offices (then called Investment Promotion Services) were approved by the General Conference of UNIDO at its third session (resolution GC.3/Res.19 of 24 November 1989) and amended at its sixth session (decision GC.6/Dec.12 of 8 December 1995). Having taken into consideration significant programmatic and administrative changes in UNIDO since that time, the present document presents proposals to update the guidelines in the light of present realities.

I. BACKGROUND

2. The objective of the UNIDO investment and technology promotion programme is to help developing countries and countries with economies in transition to bridge the investment gap and the technology divide by strengthening their capacities to attract investment for industrial projects, to assist them in the acquisition of new technologies and in establishing sustainable mechanisms for the promotion of business alliances. In achieving these objectives, the programme relies on the Investment and Technology Promotion Offices (ITPOs).

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3. Within the framework of implementation of the Business Plan, a comprehensive restructuring of the Investment Promotion Service Network was launched in 1998. To emphasize the integration of investment and technology promotion as stipulated by the Business Plan, the name was changed from Investment Promotion Services to Investment and Technology Promotion Offices. This also reflected the need to strengthen and expand UNIDO's activities related to the transfer of industrial technologies as one of the most important components of industrial growth. Indeed, under suitable policy and business conditions, technology transfer can contribute to the development of capability in developing countries, which in turn leads to increased competitiveness in domestic and international markets.

4. Presently, there are ITPOs in Bahrain (Manama), Brazil (Recife), China (Beijing and Shanghai), France (Paris), Greece (Athens), Italy (Milan/Bologna), Japan (Tokyo), Poland (Warsaw), Republic of Korea (Seoul), Russian Federation (Moscow),* and Slovakia (Bratislava). In addition, the Walloon region of Belgium takes part in the Network through a project based at UNIDO Headquarters in Vienna. The ITPO Network is complemented by technical assistance projects called Investment Promotion Units in Egypt, Jordan, Morocco, Tunisia and Uganda, all of which are financed by Italy. Under a cooperative arrangement with the Northwest Development Agency and Nimtech, a focal office was set up aiming to establish an ITPO in the United Kingdom.

5. Detailed information regarding the functioning of the ITPO network will be presented in a conference room paper, which will also highlight the most significant developments, including new initiatives and future direction.

II. PROPOSED GUIDELINES

6. In essence, the objectives, mandate and activities as well as funding, personnel and legal arrangements for ITPOs should remain unchanged. The amendments in the proposed text covering objectives, mandate and activities aim at reflecting the role of ITPOs in technology promotion and transfer. In addition, in view of the active involvement of countries with economies in transition in the ITPO Network, references to that group of countries need to be introduced throughout the guidelines along with references to developing countries.

7. The proposed revised guidelines are presented below for the consideration of the Board.

* UNIDO Centre for International Industrial Cooperation (CIIC), Moscow.

PROPOSED GUIDELINES FOR THE FUNCTIONING OF THE INVESTMENT AND TECHNOLOGY PROMOTION OFFICES

(i) **Objective**

The objective of the UNIDO Investment and Technology Promotion Offices (ITPOs) is to contribute to the industrial development and economic growth of developing countries and countries with economies in transition by identifying and mobilizing the technical, financial, managerial and other resources required for the implementation of specific industrial investment and technology projects in these countries with local partners of such projects.

(ii) **Mandate**

(a) In industrialized countries:

These offices shall devote themselves exclusively to promoting industrial investment and technology from their host countries to developing countries and countries with economies in transition.

(b) In developing countries:

While having as their main objective the promotion of industrial investment from their host countries to other developing countries and countries with economies in transition, these offices may also promote industrial investment and technology from abroad to their host countries.

(iii) **Activities**

(a) To build contacts with enterprises in the host countries willing to consider a business venture with a partner in a developing country or country with economy in transition or to provide inputs for such a venture;

(b) To assess investment and technology projects, the details of which have been supplied by UNIDO Headquarters or other sources, with a view to determining whether an enterprise can be found in their host countries that will be able and willing to supply the foreign resources sought for such projects;

(c) To utilize their contacts with host country enterprises for the promotion of the foreign resources sought by local partners; to provide information on individual local partners and on the climate for investment and technology transfer in the developing countries or countries with economies in transition concerned;

(d) To bring the local partner and the prospective foreign partner into direct contact through

UNIDO investment and technology project promotion programmes, meetings, forums and through any other appropriate means with a view to their commencing negotiations on cooperating in the implementation of the project;

(e) To support and assist both parties in their negotiations and in completing the pre-investment activities, up to the stage at which the parties can conclude a written agreement to implement the project;

(f) To assist developing countries and countries with economies in transition in arousing the interest of potential foreign partners in industrial business opportunities and in the incentives offered by those countries, by receiving delegations representing both the public and private sector and arranging direct contacts between the members of those delegations and the industrial and financial communities of the host countries;

(g) To assist the developing countries and countries with economies in transition in building and strengthening national capabilities for attracting foreign investment and technology by hosting delegations from developing countries and providing them with on-the-job orientation through the promotion vis-à-vis potential foreign partners of specific business opportunities in their home countries;

(h) To gather, present and disseminate information on specific manufacturing facilities that enterprises in their host countries seek to establish in developing countries and in countries with economies in transition through a business partnership with a local entrepreneur; to assist in identifying local partners and help both parties to conclude an agreement;

(i) To undertake such other activities as are conducive to the achievement of the objectives of ITPOs.

(iv) **Funding arrangements**

ITPOs shall be financed by their host countries, which shall make voluntary contributions to UNIDO adequate to meet the costs to the Organization. The funding for all expenditures, including the charge for programme support service (overhead charge), shall be provided in convertible currencies, except that in countries with non-convertible currencies, funding for expenditures of ITPOs in local currency may be provided in such local currency, while the funding for all other expenditures, including the charge for programme support services (overhead costs), shall be provided in convertible currency. The procedures and operations manual for the ITPOs shall be revised and updated in the light of programmatic and administrative changes in UNIDO.

When requested by an interested country, UNIDO shall endeavour to arrange extrabudgetary financing for the installation and operating expenses of ITPOs established in developing countries or countries with economies in transition.

ITPOs may also raise additional resources by charging fees for services rendered on a cost-reimbursement basis.

(v) **Personnel arrangements**

The Heads of the ITPOs will be appointed by the Director-General of UNIDO in accordance with the regulations, rules and procedures of UNIDO and after consultation with the host Governments. UNIDO will operate and supervise the ITPOs. The Heads will either be appointed under the 200 series of the UNIDO staff rules and have the status of international project personnel or will be appointed as a locally-recruited National Professional Officer, to whom the local salary scales apply as established by the International Civil Service Commission (ICSC) for this particular category of Professional staff. For other staff, salaries will be determined on the basis of discussions between the host countries and the UNIDO Secretariat.

III. ACTION REQUIRED OF THE BOARD

8. The Board is invited to consider for adoption the proposed guidelines contained in chapter II above.